Loans to small scale sector

†667. SHRI RAJIV RANJAN SINGH 'LALAN':
SHRI KAPIL SIBAL:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to increase the loan given to units of small scale sector and to make it more accessible to SSI units;

(b) if so, the facts in this regard; and

(c) by when a final decision is likely to be taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) Following measures have been taken to increase the flow of credit to SSI Sector:

(1) Banks to ensure that out of their total funds lent to SSI Sector, at least 40% should be made available to the units with investment in plant and machinery upto Rs. 5 lakhs and 20% should be made available to units with investment in plant and machinery between Rs. 5 lakhs and Rs. 25 lakhs.Thus 60% of the funds earmarked for SSI Sector should go to small units in tiny sector.

(2) Increase in the borrowal limit for collateral free loan to tiny sector from Rs. 1 lakh to Rs. 5 lakhs. In order to further improve the flow of credit to SSIs, RBI has announced in the Credit Policy 2002-03 that Banks may on the basis of good track record and the financial position of the units increase the limit of dispensation of collateral requirement for loans from the existing Rs. 5 lakhs to Rs. 15 lakhs.

(3) Raising of the Composite loan limit from Rs.10 lakhs to Rs. 25 lakhs;

(4) Raising the borrowal limit to Rs. 5 crores for computation of working capital on the basis of minimum 20% of the projected annual turn over;

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†Original notice of the question was received in Hindi.

(5) Launching of New Credit Guarantee Scheme by SIDBI under which collateral free loans upto Rs. 25 lakhs are covered for guarantee under the scheme.

(6) Raising the limit of the projects to Rs. 50 lakhs for providing assistance under the National Equity fund Scheme;

(7) The individual credit limit to artisans, village and cottage industries for reckcning under advance to weaker sections is increased to Rs. 50,000/- from the present limit of Rs. 25,000/.

(8) Earmarking of 30% of the Investment under National Equity Fund Scheme for the tiny Sector.

Foreign Exchange Regulation Act

668. SHRI SURESH PACHOURI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to amend the Foreign Exchange Regulation Act to monitor the use of these funds by NGO; and

(b) if so, the details thereof and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Government is considering certain changes in the law governing the receipt and utilization of foreign contribution by voluntary organizations to remove shortcomings noticed in the present law.

Debt burden of farmers

†669. SHRI LAJPAT RAI:
SHRI RAM JETHMALANI:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that burden of debt on the farmers is increasing as a result of higher rate of interest on loans provided to them;

(b) if not, Government's reaction thereto;

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†Original notice of the question was received in Hindi.